



State of Missouri DOWNTOWN ECONOMIC STIMULUS ACT Program Detail

COMMON NAME: Missouri Downtown Economic Stimulus Act (MODESA)

LEGAL NAME: The Missouri Downtown Economic Stimulus Act (MODESA)

STATUTORY CITATION: §§ 99.915 – 99.980 RSMO

PROGRAM TYPE: Redevelopment

FUNDING LIMITS:

- A development project will not receive funds until it generates increment.
- A development project cannot receive more than half of the increased amount of state sales tax and/or income tax it generates.
- The program is limited in any year to the amount appropriated by the General Assembly. The law does not allow an annual appropriation to exceed \$108,000,000. The actual amount available in any year will depend upon the amount actually appropriated by the General Assembly.
- In the event appropriations from the funds are not adequate to cover approved disbursements, projects will receive a pro-rata share of increment.

TYPE OF BENEFITS: MODESA is a new form of tax increment financing approved by the General Assembly in 2003. MODESA combines the use of local property tax increment and economic activity taxes with a portion of the State sales tax and State income tax withholding to assist development projects. A portion of the new state and local taxes created by a project can be diverted to fund eligible public infrastructure and related costs for a period of up to 25 years. The local match must be, at a minimum, 50% of the amount of the new local sales tax (and earnings tax in St. Louis and Kansas City) and 100% of the amount of the new real property tax created by the project each year; or a comparable amount of local funds from the city/county or a non-profit organization. In this manner, the new tax revenues are not abated, but rather redirected to fund a portion of the costs of the development project. The availability of these new tax revenues to assist in paying project costs is intended to encourage developers to redevelop deteriorated or deteriorating downtowns.

Projects can be “community enhancement” or “job creation.” Total project costs and/or new job creation minimums are based on the population of the municipality.

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DESCRIPTION OF BENEFITS: Funds are used to offset the public infrastructure costs.

ALLOWED USES OF BENEFITS: Public infrastructure.

ELIGIBLE GEOGRAPHIC AREA: “Central business districts” that are either “blighted” or a “conservation area.” At least 50% of the buildings must be 35 years old or older. Other restrictions apply.

ELIGIBLE BUSINESS TYPES: Municipalities with an annual median household income of \$62,000 or less.

BENEFITS ELIGIBILITY REQUIREMENTS: MODESA may only be utilized for a “major initiative” in a municipality (a city, village, or incorporated town or any county of the State established on or before January 1, 2001). A “major initiative” is a project that promotes: (1) tourism, cultural activities, arts, entertainment, education, research, multipurpose facilities, libraries, ports, mass transit, museums and conventions, the estimated cost of which equals or exceeds the amount set forth below, or (2) business locations or expansions which create new jobs as set forth below within three years.

Population of Municipality	Estimated Project Costs	New Jobs Created
300,000 or more	\$10,000,000	at least 100
100,000 to 299,999	\$5,000,000	at least 50
50,001 to 99,999	\$1,000,000	at least 10
50,000 or less	\$500,000	at least 5

MODESA authorizes a municipality to provide long-term financing for development projects in designated development areas through the issuance of bonds or other obligations. Such bonds or obligations may be payable from the incremental increase in real estate taxes and 50% of the increase in certain other tax revenues generated by economic activities within the development area (including most sales taxes and earnings taxes). MODESA bonds or other obligations may be issued directly by a municipality or by a downtown economic stimulus authority on behalf of a municipality.



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SPECIAL REQUIREMENTS: An annual report to DED is required by October 30 each year (99.980.2 RSMo), and a Business Relocations report is due to DED by the last day of February each year (99.980.1 RSMo). Failure to file the annual report shall make the municipality ineligible to receive disbursements from the program (99.980.7 RSMo).

Approval for MODESA projects are received from DED and the MDFB.

INTERNET LINKS:

Statutes: <http://www.moga.mo.gov/STATUTES/STATUTES.HTM>

Missouri Department of Economic Development: www.MissouriDevelopment.org

SOURCES: "Missouri Downtown Economic Stimulus Act" Missouri Department of Economic Development